

Message Text

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ACTION EB-11

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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 723

C O N F I D E N T I A L MEXICO CITY 2385

E.O. 11652: GDS

TAGS: IDB, ECON, MX

SUBJECT: GOM COMMENTS CONCERNING IDB GOVERNORS' MEETING

REF: STATE 034868, 051942; MEXICO 2338, 2207

1. LOCAL PRESS COVERAGE OF UP-COMING IDB MEETING SCANTY SO FAR. MEXICO CITY DAILY EXCELSIOR REPORTED ON MARCH 16 COMMENTS UNDER-SECRETARY OF TREASURY AND PUBLIC CREDIT MARIO RAMON BETETA AT IA-ECOSOC MEETING IN QUITO (STATE 053193) CALLING FOR COOPERATION TO STRENGTHEN THE SOFT LOAN CAPACITY OF IDB IN THE FACE OF CURRENT HIGH INTEREST RATES IN ORDER TO "PREVENT PARALYSIS OF SOCIAL PROJECTS."

2. MEMBER GOM DELEGATION TO IDB MEETING INFORMED EMBOFF THAT HE FELT THAT SUBJECT OF U.S. CONTROL REGULATIONS FOR SHIPMENT TO CUBA OF ARGENTINE CARS AND CANADIAN LOCOMOTIVES PRODUCED BY U.S. SUBSIDIARIES WAS NOT APPROPRIATE TOPIC FOR IDB DISCUSSION. HE EXPRESSED THE SAME OPINION CONCERNING THE U.S. PROPOSAL AT MEXICAN CONFERENCE (MFM) FOR A LATIN AMERICAN FACT-FINDING MECHANISM FOR INVESTMENT DISPUTE SETTLEMENTS, AND SAID THAT MEXICO WOULD NOT BRING UP EITHER TOPIC FOR DISCUSSION AT THE IDB MEETING. HOWEVER, HE DID OFFER FURTHER COMMENTS ON FACT-FINDING MECHANISM PROPOSAL. IN HIS VIEW THE GOM "WOULD NOT
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LIKE TO SEE IT." SUCH A MECHANISM WOULD ASSUME SUPRA-NATIONAL

QUALITIES. EVEN THOUGH ITS FINDINGS WOULD NOT BE BINDING, THEY WOULD EXERT CONSIDERABLE PRESSURES UPON THE LOCAL GOVERNMENT. FURTHER, ACCESS TO SUCH A MECHANISM WOULD GIVE FOREIGN COMPANIES SPECIAL TREATMENT AND AN ADVANTAGE OVER DOMESTIC COMPANIES WHO WOULD NOT HAVE SUCH ACCESS. FINALLY, HE EXPRESSED THE VIEW THAT A BETTER SOLUTION IS FOR EACH COUNTRY TO ESTABLISH ITS OWN LEGAL PROCEDURES TO HANDLE SUCH DISPUTES.

3. WITH REGARD TO THE MEMBERSHIP OF INDUSTRIALIZED STATES FROM OUTSIDE THE REGION, HE FELT THAT THE GOM IS IN BASIC AGREEMENT WITH THE USG POSITION. HE SAW DIFFERENCES HOWEVER WITH REGARD TO THE ADMISSION OF NEWLY INDEPENDENT "MINI-STATES." MEXICO FAVORS THE ADMISSION OF ONLY GUYANA AND THE BAHAMAS. HIS CONCERN WAS OVER THE EFFECT THAT THE ADMISSION OF THE MINI-STATES WOULD HAVE ON THE VOTING BY THE BOARD OF GOVERNORS, SINCE EACH STATE WOULD HAVE ITS OWN GOVERNOR. THE U.S. POSITION ON THIS ISSUE HE DESCRIBED AS "AMBIGUOUS" AND THIS HE FELT WAS A MISTAKE. IN SPITE OF ITS OPPOSITION TO THE ADMISSION OF MINI-STATES, MEXICO DOES, HE SAID, MAINTAIN THAT THE IDB BE CONTINUED AS A PART OF THE INTER-AMERICAN SYSTEM.

4. OTHER ISSUES WHICH ARE OF INTEREST TO MEXICO INCLUDE THE EXPANSION OF EXPORT FINANCING FACILITIES, IN BOTH AMOUNT AND SCOPE. IN HIS OPINION, THESE SHOULD BE EXPANDED TO INCLUDE THE EXPORT OF ALL TYPES OF MANUFACTURED GOODS (NOT JUST CAPITAL GOODS) TO ALL COUNTRIES, NOT JUST THE INTER-AMERICAN AREA. ANOTHER TOPIC OF INTEREST IS THE MAINTENANCE OF THE VALUE OF SUBSCRIPTION. MEXICO, HE SAYS, FAVORS THE FORMATION OF A TECHNICAL COMMITTEE COMPOSED OF CENTRAL BANK EXPERTS TO STUDY THIS PROBLEM, WHICH CANNOT BE ADEQUATELY HANDLED IN SANTIAGO BECAUSE OF ITS COMPLEXITY. FINALLY, HE FAVORS AN IDB STUDY OF CAPITAL MARKETS AND LDC ACCESS TO THESE MARKETS, AS A FOLLOW-UP TO DISCUSSION ON THIS TOPIC AT THE MFN.

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